



# CalPERS Strategic Plan

## Our Vision for the Future

# CalPERS Strategic Plan

## Message from the Board

On behalf of the CalPERS Board of Administration, I am pleased to present the CalPERS Strategic Plan. This document provides our vision and direction for the organization.

The Plan centers on 12 goals focused on our enterprise and three business lines. It serves to direct our actions and guides our path forward in serving our members and employers. It also sets the foundation on which we will continue to deliver value to our members and employers for years to come.

The Statements of Intent provide key insights into the strategies that define the way CalPERS approaches our business, as well as highlights the values that have been, and continue to be, meaningful to the Board, CalPERS staff, members, and employers.

The Strategic Plan enables us to align our day-to-day operations and ongoing business planning to deliver quality benefits and services while striving to meet the Mission of CalPERS.

**Rob Feckner, President**

CalPERS Board of Administration

For more information about the CalPERS Strategic Plan and Three-Year Business Plan, visit CalPERS On-Line at [www.calpers.ca.gov](http://www.calpers.ca.gov)



## Enterprise

### Strategic Goal 1

**Exercise global leadership to ensure the sustainability of CalPERS pension and health benefit systems.**

#### Statement of Intent

Fundamental to our mission is CalPERS fiduciary role as a trustee. Implicit in this fiduciary responsibility is the duty to ensure that the beneficiaries of the trust receive the future pension and health benefits for which they have contracted. By the very nature of our size and scope, and given the nature of emerging global economic relationships, CalPERS will look to a longer-term horizon with regard to our portfolio and investment policies. CalPERS also recognizes that the emerging social, political, and economic market dynamics impacting the System extend beyond California. This will require the exercise of strong global leadership on the part of CalPERS to effectively respond and to fulfill our fiduciary responsibilities.

### Strategic Goal 2

**Foster a work environment that values quality, respect, diversity, integrity, openness, communication, and accountability.**

#### Statement of Intent

The Strategic Plan sets forth CalPERS internal core values and guiding principles. As CalPERS charts its future course, we reaffirm our commitment to these values and principles. Further, CalPERS highlights the importance of diversity as a

fundamental business philosophy.

### Strategic Goal 3



**Sustain a high performance work culture utilizing staff development, technology, and innovative leadership and management strategies.**

#### Statement of Intent

A variety of support strategies will be implemented for CalPERS business owners to achieve their strategic goals. However, even with continuing fiscal constraints, continued investment in these support strategies will be necessary to expand organizational capacity and to ensure the most effective and efficient use of resources.

### Strategic Goal 4

**Design and develop education and communication initiatives to ensure broad member and stakeholder understanding of CalPERS value.**

#### Statement of Intent

CalPERS operates in a complex political environment in which diverse ideological issues and agendas can make it challenging for trustors, beneficiaries, and other stakeholders to come together around common interests. CalPERS will communicate with and educate the public, employers, members, and other stakeholders to ensure they have a clear understanding of CalPERS roles, fiduciary duties, and value proposition necessary to navigate the complex political environment.



## Pension

### Strategic Goal 5

**Provide sustainable pension benefit products and services responsive to and valued by members, employers, and stakeholders.**

#### Statement of Intent

CalPERS is the trustee of a public pension trust. This goal acknowledges the interrelationship of the other parties to the trust, namely the trustors and beneficiaries. The trustors include the Legislative and Executive Branches of the State government, the taxpayers of the State of California, and local employers. The beneficiaries include both active and retired members as well as their families. CalPERS will fully consider all of these interests which include the affordability and adequacy of our products, benefits, and services. Since the CalPERS role goes beyond that of an administrator, we will use our expertise to serve as a trusted advisor by recommending policy alternatives for consideration to all parties of the trust.

### Strategic Goal 6

**Administer pension benefit services in a customer-oriented and cost-effective manner.**

#### Statement of Intent

In our current Strategic Plan, customer service is a focal point, and CalPERS remains committed to customer service. We also recognize that in an era of tight fiscal constraints and increased public scrutiny, we will strengthen our efforts to deliver our services in a cost-effective manner.

### Strategic Goal 7

**Enable and educate members and employers to make informed decisions leading to a predictable and secure retirement future.**

#### Statement of Intent

Analysis of various market dynamics, including changing demographics, indicates that there are increasing long-term retirement security concerns independent of the adequacy of pension benefits. These concerns are driven in part by the growing gap between health care costs and benefit coverage and a lack of personal savings on the part of beneficiaries. As a fiduciary on behalf of our beneficiaries, CalPERS will share our expertise and take appropriate steps to improve the long-term viability and financial security of our members' future retirement, including member education and other strategies.

## Asset & Liability Management

### Strategic Goal 8

**Manage the risk and volatility of assets and liabilities to ensure sufficient funds are available, first, to pay benefits and second, to minimize and stabilize contributions.**

#### Statement of Intent

Long-term State and local fiscal constraints and desires for improved contribution rate predictability, coupled with changing investment return/risk expectations, impact the range of options available for addressing CalPERS employer and member needs. The need to prudently manage risk and return provides the context for CalPERS asset allocation and management of our liabilities.

### Strategic Goal 9

**Achieve long-term, sustainable, risk-adjusted returns.**

#### Statement of Intent

Global macro-economic relationships are changing, leading to increasing uncertainty in long-term investment return/risk expectations. Given the scope of the CalPERS portfolio, capacity constraints will apply. Therefore, CalPERS will approach our asset allocation strategies as a large institutional investor with a view to the long term, a commitment to professional competency, and continued emphasis on carefully weighing risk and return. Thinking creatively with respect to new investment opportunities and ensuring the sustainability of the portfolio returns are the keys to CalPERS successfully fulfilling our future liabilities.



## Health

### Strategic Goal 10

**Develop and administer quality, sustainable health benefit programs that are responsive to and valued by enrollees and employers.**

#### Statement of Intent

This goal parallels Goal 5 in the Pension area. Enrollees and employers contract with CalPERS for health benefit products. CalPERS health benefit products will address our customers' needs for affordable and adequate products. For employers, adequacy and affordability may be defined in terms of the total compensation package they need to offer in order to attract and retain employees. For enrollees, adequacy may be defined in terms of choice among different benefit products that address their economic and personal health care situation. Unlike the Pension area, CalPERS is charged with developing and designing the health benefit products we offer to our customers. Further, these health benefit products are offered in a competitive marketplace where alternative health benefit products exist.

### Strategic Goal 11

**Promote the ability of members and employers**



**to make informed decisions resulting in improved lifestyle choices and health outcomes.**

#### Statement of Intent

Goals 11 and 12 reinforce that in all three business lines, there is an imperative to consider strategies that look at both supply and demand market dynamics. Goal 11 focuses on the demand side of the equation. The aging CalPERS population, which faces many chronic health conditions, will continue to drive utilization. CalPERS will develop programs and policies that will educate and provide incentives for enrollees and employers to do more to consider the value (both quality and cost) of lifestyle and health care choices.

### Strategic Goal 12

**Engage and influence the health care marketplace to provide medical care that optimizes quality, access, and cost.**

#### Statement of Intent

This goal focuses on the supply side of the equation. In 2003, CalPERS identified several policy imperatives for our Health Benefits Program. Cost, quality, and access were key factors in all health benefit policy strategies. CalPERS recognized that to achieve lower cost, higher quality, and improved access, we need to focus our attention on health care providers, including hospitals, pharmaceutical companies, and physicians. CalPERS remains committed to strategies that impact the drivers of health care cost and quality within the provider community.



## Our Vision

Pride in our service – providing confidence for your future.

## Our Mission

To advance the financial and health security for all who participate in the System. We will fulfill this mission by creating and maintaining an environment that produces responsiveness to those we serve.

## Core Values

**Quality** – Strive to meet internal and external customers' needs through innovation, competence, and teamwork. Seek to "do it right" the first time.

**Respect** – Sensitive to the needs of others, both within and outside the System. Courteous, considerate, responsive, and professional.

**Integrity** – In all endeavors, act in an ethical, honest, and professional manner.

**Openness** – Willing to listen to and share information with others. Receptive to new ideas. Trusting.

## Guiding Principles

We perform our daily functions under the following guiding principles:

- Designing and administering the highest quality, secure, and innovative programs.
- Delivering retirement, health, and other benefits and services in an equal, accurate, courteous, professional, and prompt manner.
- Providing meaningful information and education to all System constituents in a timely manner.
- Attracting, developing, and retaining a competent, creative, and highly motivated workforce.
- Obtaining the highest return on our investment portfolio to survive, prosper, and grow in a safe and prudent manner.
- Ensuring that all benefits are appropriately funded.



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